

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1001 be amended to read as follows:

- 1 Page 21, between lines 11 and 12, begin a new paragraph and insert:
- 2 "SECTION 27. IC 6-1.1-3-23, AS AMENDED BY P.L.246-2005,
- 3 SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4 JANUARY 1, 2003 (RETROACTIVE)]: Sec. 23. **(a) This section**
- 5 **applies only to the following counties:**
- 6 **(1) Lake County.**
- 7 **(2) Porter County.**
- 8 **(b) For purposes of this section:**
- 9 (1) "adjusted cost" refers to the adjusted cost established in 50
- 10 IAC 4.2-4-4 (as in effect on January 1, 2003);
- 11 (2) "depreciable personal property" has the meaning set forth in
- 12 50 IAC 4.2-4-1 (as in effect on January 1, 2003);
- 13 (3) "integrated steel mill" means a person, including a subsidiary
- 14 of a corporation, that produces steel by processing iron ore and
- 15 other raw materials in a blast furnace in Indiana;
- 16 (4) "oil refinery/petrochemical company" means a person that
- 17 produces a variety of petroleum products by processing an annual
- 18 average of at least one hundred thousand (100,000) barrels of
- 19 crude oil per day;
- 20 (5) "permanently retired depreciable personal property" has the
- 21 meaning set forth in 50 IAC 4.2-4-3 (as in effect on January 1,
- 22 2003);
- 23 (6) "pool" refers to a pool established in 50 IAC 4.2-4-5(a) (as in
- 24 effect on January 1, 2003);

(7) "special integrated steel mill or oil refinery/petrochemical equipment" means depreciable personal property, other than special tools and permanently retired depreciable personal property:

(A) that:

(i) is owned, leased, or used by an integrated steel mill or an entity that is at least fifty percent (50%) owned by an affiliate of an integrated steel mill; and

(ii) falls within Asset Class 33.4 as set forth in IRS Rev. Proc. 87-56, 1987-2, C.B. 647; or

(B) that:

(i) is owned, leased, or used as an integrated part of an oil refinery/petrochemical company or its affiliate; and

(ii) falls within Asset Class 13.3 or 28.0 as set forth in IRS Rev. Proc. 87-56, 1987-2, C.B. 647;

(8) "special tools" has the meaning set forth in 50 IAC 4.2-6-2 (as in effect on January 1, 2003); and

(9) "year of acquisition" refers to the year of acquisition determined under 50 IAC 4.2-4-6 (as in effect on January 1, 2003).

~~(b)~~ (c) Notwithstanding 50 IAC 4.2-4-4, 50 IAC 4.2-4-6, and 50 IAC 4.2-4-7, a taxpayer may elect to calculate the true tax value of the taxpayer's special integrated steel mill or oil refinery/petrochemical equipment by multiplying the adjusted cost of that equipment by the percentage set forth in the following table:

Year of Acquisition	Percentage
1	40%
2	56%
3	42%
4	32%
5	24%
6	18%
7	15%
8 and older	10%

~~(c)~~ (d) The department of local government finance shall designate the table under subsection ~~(b)~~ (c) as "Pool No. 5" on the business personal property tax return.

~~(d)~~ (e) The percentage factors in the table under subsection ~~(b)~~ (c) automatically reflect all adjustments for depreciation and obsolescence, including abnormal obsolescence, for special integrated steel mill or oil refinery/petrochemical equipment. The equipment is entitled to all exemptions, credits, and deductions for which it qualifies.

~~(e)~~ (f) The minimum valuation limitations under 50 IAC 4.2-4-9 do not apply to special integrated steel mill or oil refinery/petrochemical equipment valued under this section. The value of the equipment is not included in the calculation of that minimum valuation limitation for the

taxpayer's other assessable depreciable personal property in the taxing district.

~~(f)~~ (g) An election to value special integrated steel mill or oil refinery/petrochemical equipment under this section:

(1) must be made by reporting the equipment under this section on a business personal property tax return;

(2) applies to all of the taxpayer's special integrated steel mill or oil refinery/petrochemical equipment located in the state (whether owned or leased, or used as an integrated part of the equipment); and

(3) is binding on the taxpayer for the assessment date for which the election is made.

The department of local government finance shall prescribe the forms to make the election beginning with the March 1, 2003, assessment date. Any special integrated steel mill or oil refinery/petrochemical equipment acquired by a taxpayer that has made an election under this section is valued under this section.

~~(g)~~ (h) If fifty percent (50%) or more of the adjusted cost of a taxpayer's property that would, notwithstanding this section, be reported in a pool other than Pool No. 5 is attributable to special integrated steel mill or oil refinery/petrochemical equipment, the taxpayer may elect to calculate the true tax value of all of that property as special integrated steel mill or oil refinery/petrochemical equipment. The true tax value of property for which an election is made under this subsection is calculated under subsections ~~(b)~~ (c) through ~~(f)~~ (g)."

Page 253, between lines 31 and 32, begin a new paragraph and insert:

"SECTION 252. [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)] (a) As used in this section, "northwest Indiana" means the counties of Lake and Porter.

(b) The general assembly finds the following:

(1) The economy of northwest Indiana has historically been heavily dependent upon:

(A) the domestic steel industry, particularly the integrated steel mill business, which produces steel from basic raw materials through blast furnace and related operations; and

(B) the oil refining and petrochemical industry.

(2) During the last thirty (30) years the domestic steel industry has experienced significant financial difficulties. More than half of the integrated steel mills in the United States were shut down or de-integrated, with the remainder requiring significant investment and the addition of new processes to make the facilities economically competitive with newer foreign and domestic steelmaking facilities and processes.

(3) The United States needs to protect the capacity of the oil

1 refining and petrochemical industry. By shutting down twenty
2 percent (20%) percent of the country's oil refining capacity in
3 a single day and increasing gasoline prices nationwide by
4 more than an average of forty-five cents (\$0.45) per gallon in
5 a week, hurricane Katrina exposed the nation's overextended
6 oil refining capacity. No oil refineries have been built in the
7 United States since 1976.

8 (4) One (1) of the ways in which integrated steel mills in
9 northwest Indiana and the oil refining and petrochemical
10 industry have sought to remain competitive has been to seek
11 to reduce property tax expenses by claiming abnormal
12 obsolescence in reporting the assessed value of equipment,
13 thereby reporting the equipment's assessed value at far below
14 30% of the equipment's total cost (i.e., far below the "30%
15 floor" value generally applicable to equipment exhibiting only
16 normal obsolescence under the current department of local
17 government finance rules).

18 (5) Some of the claims for abnormal obsolescence are under
19 appeal and may or may not be fully allowed upon ultimate
20 resolution, but under current law existing before the effective
21 date of this SECTION the taxpayers making such claims are
22 obligated to pay personal property taxes based only on, and
23 communities are allowed to determine property tax budgets
24 and rates based only on, the reported personal property
25 assessed values until the appeals are resolved. Consequently,
26 the property tax base of communities in northwest Indiana
27 has been severely reduced for an indeterminate period (if not
28 permanently), shifting already high property taxes to
29 residential property and other business property. The never
30 ending prospect of future appeals and their attendant
31 problems on an ongoing basis must be addressed.

32 (6) A new, optional method for valuing the equipment of
33 integrated steel mills and the oil refining and petrochemical
34 industry in northwest Indiana is needed. That optional
35 method can be used to simply and efficiently arrive at a value
36 commensurate with that property's age, use, obsolescence and
37 market circumstances instead of the current method and its
38 potentially contentious and lengthy appeals. Such an optional
39 method would benefit, the integrated steel mill businesses, the
40 oil refining and petrochemical industry, and the communities
41 in northwest Indiana.

42 (7) Such an optional method would be to authorize a fifth pool
43 in the depreciation schedule for valuing the equipment of
44 integrated steel mills and the oil refining and petrochemical
45 industry that reflects all adjustments to the value of that
46 equipment for depreciation and obsolescence, including
47 abnormal obsolescence, which precludes any taxpayer electing

1 such a method from taking any other obsolescence adjustment
2 for the equipment, and which applies only at the election of
3 the taxpayer.

4 **(8) The purpose for authorizing the Pool 5 method is to**
5 **provide a more simplified and efficient method of valuing the**
6 **equipment of integrated steel mills and the oil refining and**
7 **petrochemical industry that recognizes the unusual age,**
8 **obsolescence, and market circumstances associated with those**
9 **industries in northwest Indiana, and to encourage those**
10 **industries to continue to invest in northwest Indiana, thereby**
11 **contributing to the economic life and well being of**
12 **communities in northwest Indiana, the residents of northwest**
13 **Indiana, and the state of Indiana generally.**

14 **(9) The specific circumstances described in this section do not**
15 **exist throughout the rest of Indiana.**

16 SECTION 253. [EFFECTIVE JANUARY 1, 2003
17 (RETROACTIVE)] IC 6-1.1-3-23, as amended by this act, applies
18 only to the following:

19 **(1) Property taxes first due and payable after 2008.**

20 **(2) To the extent permitted by law, property taxes first due**
21 **and payable after 2003 and before 2009."**

22 Renumber all SECTIONS consecutively.

23 (Reference is to HB 1001 as printed January 17, 2008.)

Representative Stilwell